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Slupski: Why property taxes likely won't drop



I probably am alone in this, but I feel sorry for property assessors.

Already I can hear the snarky retort. "Assessors?!? What about taxpayers? That's who you should feel SORRY for."

And I do. I do feel bad for McHenry County taxpayers who face ridiculously high tax bills. But, the thing about property tax assessors is A.) few people understand their job; B.) people unfairly blame them for their tax bills.

I thought about this the other day when I received an unsigned, angry letter to the editor. It was handwritten. The unknown author also included a typed letter Nunda Township Assessor Dennis Jagla sent to residents.

"The enclosed letter from the Nunda Township assessor is an outrage!" The letter began. It then contained several paragraphs about property taxes being too high in these difficult economic times. "Most of the property taxes go to the schools. They should do some belt tightening too -- like everyone else has to do."

At first I thought the letter was an attack on Jagla, but upon reading it more closely I realized that it was not. Rather, the letter was a reaction to Jagla's letter which laid out some difficult facts for homeowners: Even though property values have dropped precipitously, don't expect property tax bills to do likewise.

I wrote a column about this issue in October 2007. Given the economy and the state of the housing market, I thought it was time to revisit the topic and explain a bit about what assessors do.

First, they do not set tax rates. They assess the value of property. And they are legally required to do this based on the prior three years of sales. As Jagla explained to Nunda Township residents, this means that 2007 assessed values were based on sales that occurred in 2004, 2005 and 2006. In other words, the assessments still are reflecting the hot real estate market and not today's frozen tundra.

Sales did start to drop in 2007, but that started in the later half of the year. And 2008's sales will be a factor for the 2009 assessments. None of this is the choice of property assessors, they simply are following the law and doing their job.

Has the expectation that lower property values will become immediately evident on property tax bills made life difficult for assessors? Jagla said -- surprisingly in my opinion -- that most people are pretty understanding.

"When you explain the process, 90 to 95 percent of the people are satisfied," Jagla said.

Jagla's letter to Nunda Township residents was a good idea. The way property taxes are determined in this state can be confusing, and taxpayers are correctly frustrated when trying to figure out why, exactly, they are paying thousands upon thousands in taxes and to whom.

The section of Jagla's letter that I found most interesting, and which I wrote about in October, is the fact that even when lower property values are factored in for 2009, tax bills likely will not decrease.

Again, the reason for this is not the property assessment.

The property tax cap limits the amount of revenue a taxing body can receive. It is limited to 5 percent or the rate of inflation, whichever is lower. When property values were increasing, the tax cap forced the tax rate down. In concept, it's simple: Higher property values mean lower tax rates are needed for the taxing body to receive its revenue increase.

But, when property values decline, the opposite could occur. The taxing body still is going to get its revenue increase, but now tax rates might need to increase to generate enough revenue.

A homeowner could conceivably come out ahead if a taxing district already is at its legal tax rate limit. In that instance, it would be impossible for the rate to increase. However, in a growing county such as McHenry, most taxing districts are below their legal maximum. Over the years, as the county's tax base has expanded, tax rates have been forced down by the cap.

The moral of the story: Government always is going to get its money. The only thing taxpayers could do would be to demand that local taxing districts – schools, parks, fire, library – control spending better and not ask for the maximum revenue increase every year.

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